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Increase in Obligations Fiscal Year 1953 Subsequent to

30 June 1953

1. Sharp rise in reported obligations for the month of July<sup>1953</sup> due to:
  - a. Obligations incurred in June but not recorded until the month of July.
  - b. A change of method in the recording of obligations. Previous to this month obligations had been recorded by Finance on the basis of documentation. Starting with July obligations were recorded on the basis of reports from the Area Divisions. Area Division records regarding obligations had always been in excess of the figures previously recorded by Finance.
  - c. The installation of a new system which resulted in the feeding of data to the machines in such a manner that obligations were automatically recorded where an expenditure had been made even though no obligations had been previously recorded.
2. The decrease in August resulted from an analysis of the obligations by TAS and the removal from the books of recorded obligations not considered valid.
3. The continued increase in obligations during September, November, and December resulted in a detailed study by TAS and PAS of each allotment account showing a sizable increase. The results of these findings were presented in reports dated 2, 19 and 23 October 1953 and 4 February 1954.
4. The decrease in obligations during January and February were for the most part due to the findings of the TAS and PAS study group. The major portion of this decrease was due to the elimination from the recorded obligations for the fiscal year 1953 of prior years adjustments applicable to 1952, the removal from the books of duplicate obligations and the reduction of obligations considered overstated by the Area Divisions.
5. The sharp increase in obligations in July 1954 resulted from the fact that the Far East Area Division, DD/P, reported increases in obligations sufficient to bring the obligations into line with previously recorded expenditures. The detailed information on this increase is contained in PAS memo dated 27 August 1954.

21 October 1954

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